



The President's Daily Brief

Top Secret 9 November 1968



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THE PRESIDENT'S
DAILY BRIEF
9 NOVEMBER 1968

1. West Germany

We think there is a fair chance, not quite 50-50, that West Germany will make an upward revaluation of the Deutsche mark this weekend. The issue has heated up again in the last few days because of a speech by a senior official stating the government now sees revaluation "as the only feasible alternative" to restrictive economic measures. This speech has triggered a rush to turn dollars in for marks at the German central bank.

2. Czechoslovakia

Dubcek may soon be forced to move against the demonstrators or face another confrontation with the Russians. Encouraged by the success of their flag burnings and marches, students are teaming up with workers throughout the country planning a series of "Ivan go home" days.

Moscow's official media have so far ignored the demonstrations, but there is no question about how the Soviets view the disturbances. If trouble continues, the Soviets may well put all their muscle behind the Czechoslovak conservatives in a final attempt to break up the present leadership.

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3. Warsaw Pact -
NATO

As the Soviets reduce their troops in Czechoslovakia, some NATO members-- the British and Canadians in particular-- see a corresponding reduction in the threat. They are beginning to cavil over efforts to strengthen NATO defenses.

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4. Poland

The party congress opens Monday. We still predict Gomulka will keep his title as first secretary, but the congress will show his opponents have control of the basic power apparatus. The embassy reports unusually tight security measures have been clamped on Warsaw.

5. Israel-Egypt

Israeli forces along the Suez Canal apparently are being moved back out of Egyptian artillery range. This redeployment will give the Israelis more room to use their tanks should the Egyptians try crossing the canal where Israeli troops still patrol in small numbers.

6. Jordan

Husayn has made no further moves against the terrorists and with luck the delicate truce should continue.

7. Panama

Some of Arias' exiled backers, now in Costa Rica, are talking about starting an armed uprising. These men could run some nuisance raids along the border, but it is most unlikely they could spark a popular uprising against the junta.

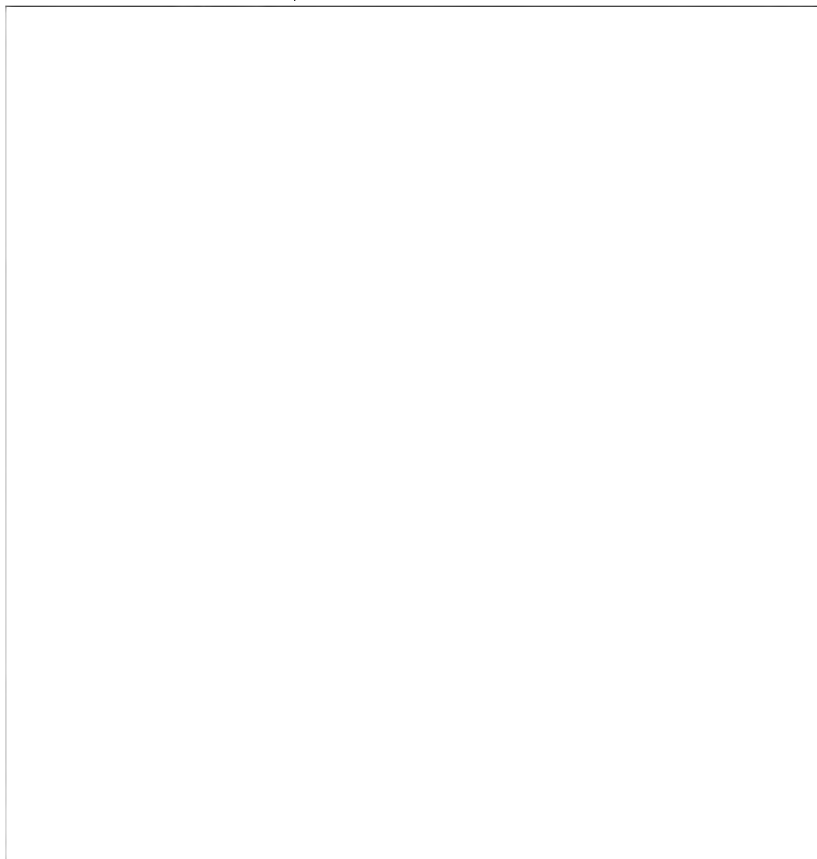
Meanwhile, the two Guard colonels who rule the junta are making some changes--mostly the appointment of friends and relatives to key posts.

8. Cuba

The Cubans are making their own transition preparations. Yesterday observation posts along the coast were told to be especially vigilant against invaders "because Richard Nixon has been elected President."

9. South Korea

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10. South Vietnam

Communist gunners fired four recoilless rifle rounds into downtown Can Tho last night. Five Vietnamese were wounded.

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FOR THE PRESIDENT'S EYES ONLY

- 1.) Special Daily Report on North Vietnam
- 2.) North Vietnamese Reflections of U S
Political Attitudes



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Special Daily Report on North Vietnam
for the President's Eyes Only

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I. NOTES ON THE SITUATION

Appeal to South Vietnamese Troops: Hanoi is doing its utmost to sow discord in South Vietnam and to fan fears that the US is moving toward an accommodation with the Communists. An appeal to South Vietnamese troops over Liberation Radio on 5 November picked up the theme of an impending US "sellout" in which the Saigon government would either go along as a "puppet" or be swept aside. The bombing halt is treated as a move "forced" on the US in "defiance" of Saigon's attitude. This means, said the broadcast, that the US has told the "Thieu-Ky clique" that "its role on the Saigon political stage is going to end." It calls on South Vietnamese forces to "arise," desert, or otherwise support formation of a new "peace cabinet."

An article in the 7 November Nhan Dan uses Hanoi's most vicious language to denigrate the South Vietnamese Government, but it never comes to grips with the problems raised by Saigon's absence in Paris. Somewhat unconvincingly, the article argues that the "Saigon administration's scheme not to take part in the conference in Paris" only reveals its "servile" nature.

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Economic Conditions: The 5 November issue of the party journal Nhan Dan claims that during the four years of bombings, the economy had "satisfied an important part of the needs of combat, production, and the people's livelihood." Key branches of centrally run industry are said to have been "maintained" and local industry is said to have been developed "in several provinces." For the present, the article emphasized that "special attention" is needed for improving management over labor, materials, and capital. Every link in the production process, it is said, must be directed toward increasing labor output, improving the quality of products, saving raw materials, and cutting costs.

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The article tends to confirm that the economy has not been able to meet all its needs during the years of bombings, and that management--particularly over labor--has been one of the biggest headaches for Hanoi.

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Shipping Report for October: Cargo deliveries to North Vietnam by foreign-flag ships in October totaled about 163,800 tons, up some 29,000 tons from September and 24,000 tons over the average for the third quarter. There was some easing of congestion in Haiphong harbor, in part because of reduced levels of shipping over the previous few months. Improved weather conditions and the abatement of floods which had disrupted unloading of cargoes in September also permitted more efficient operation of the port.

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Soviet Celebration in Hanoi: Hanoi's observance of the anniversary of the Soviet revolution on 7 November was similar to its treatment of the Chinese National Day celebration a month earlier. The North Vietnamese politburo turnout was about the same on the two occasions; Premier Pham Van Dong spoke at both receptions and his remarks were similar.

This is the latest illustration of Hanoi trying, in public at least, to balance its relations with Moscow and Peking.

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Hanoi Promotes Long-term Savings: Hanoi is seeking to promote long-term individual savings with appeals to patriotism and promises of prizes in order to soak up excess purchasing power and to boost local economic development. The monetary income of the people, especially of peasants, has been outrunning the supply of consumer goods, according to an official of the State Bank writing in the 17 September issue of the party daily Nhan Dan. He states that long-term savings "mobilized" in any province or city will be left at the disposal of local officials for making long-term loans to help economic development. This is apparently a promise to local cadres who are expected to push the savings program, that the central government will not pre-empt whatever funds are accumulated.

The regulations governing the savings accounts state that no withdrawals will be permitted for five years. There will, however, be annual drawings for cash prizes and a lump sum payment of two percent interest at the end of the five-year period. Those who leave their accounts intact after five years will be granted privileges in the purchase of "valuable" consumer goods.

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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR

US Elections: Hanoi Radio in a domestic service broadcast yesterday had this to say about the election results:

--Mr. Nixon won by the smallest margin in US history--14,600 votes.

--In Congress, the Democratic Party won the majority of seats and thereby "seized control of both houses."

--"The Nixon clique will not be able to avoid an impasse and failure when it assumes power. Meanwhile, the masses of the US people, including the Negroes, will further pursue their struggle for democracy, for the right to live in freedom, and for equality and

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against the injustices of the present US social system."

This confused account is mild by Hanoi's usual standards. The commentary contained no references to the president-elect's views on Vietnam, Communist demands for a settlement, or personal attacks on Mr. Nixon.

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